

Housing Market Profile

Southeast/Caribbean • HUD Region IV



Charleston-North Charleston-Summerville, South Carolina

The Charleston-North Charleston-Summerville metropolitan area, located on the eastern coast of South Carolina, is composed of Charleston, Berkeley, and Dorchester Counties. With an estimated population of 673,700 as of October 1, 2010, the Charleston metropolitan area is the most populated metropolitan area in South Carolina. Partly because of the recent economic downturn, from July 1, 2009, to October 1, 2010, population growth slowed to an annualized rate of 1.8 percent, down from the 2.3-percent average annual growth rate recorded between July 1, 2004, and July 1, 2009. During the 12 months ending October 1, 2010, annual net in-migration slowed to 7,600, down from an average of 9,350 a year between July 1, 2004, and July 1, 2009.

Because of its coastal location, Charleston has an economy that is heavily influenced by trade, military, and tourism. The Port of Charleston is a major contributor to the South Carolina economy. According to the South Carolina State Ports Authority, the port has an estimated economic impact of \$7 billion annually on the Charleston metropolitan area. In 2007, the most recent data available, 6,800 direct jobs were from port operations. The United States Navy and Air Force add \$3 billion to the local economy each year. The U.S. Navy is the leading employer in the area, with 13,000 employees, and the Charleston Air Force Base employs 7,000 workers. In 2009, Charleston had 3.93 million visitors, which had an estimated economic impact of \$2.8 billion.

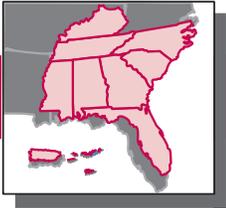
Economic conditions in the metropolitan area continued to weaken in the third quarter of 2010, a trend that began in the third quarter of 2008. In the 12 months ending September 2010, nonfarm payrolls averaged 286,000 jobs, a decrease of 1,600 jobs, or less than 1 percent, compared with a decline of 12,700 jobs, or 4.2 percent, during the 12 months ending September 2009. The largest declines during the 12-month period ending September 2010 were in the mining, logging, and construction; trade; and the leisure and hospitality sectors, which lost 1,250, 1,150, and 720 jobs, or 7.7, 2.7, and 2.0 percent, respectively. In the 12 months ending September 2010, the manufacturing sector lost 430 jobs, partly because of the approximately 400 jobs lost in the automotive industry. In 2009, Boeing Charleston invested \$750 million to build a 584,000-

square-foot facility to fabricate and manufacture fuselage systems Boeing's 787 Dreamliner. The plant will employ 3,800 workers when full production is achieved in 2011. The leading private sector employers in the area are Roper St. Francis Healthcare, Boeing Charleston, and Trident Health System, with 3,800, 3,000, and 2,500 jobs, respectively.

Because of the weakened economy, sales market conditions in the metropolitan area are very soft, with an estimated vacancy rate of 4 percent. The vacancy rate has slowly declined from a high of 6.2 percent in 2008 because of an increase in home sales. According to the Charleston Trident Association of REALTORS®, during the 12 months ending September 2010, 6,625 new and existing homes were sold, an increase of 550 homes, or 9 percent, and the average price increased \$16,200, or more than 6 percent, to \$283,000. From 2004 to 2006, an average of 11,400 single-family homes sold annually. In 2005, both sales and average price peaked at 12,350 homes and \$302,100, respectively. Since the peak in 2005, sales have declined annually by 1,400, or 14 percent. In the 12 months ending September 2010, condominium sales increased by 140, or nearly 11 percent, to 1,500 units, but the average price declined \$7,450, or 3.4 percent, to \$211,800. In 2005, the number of condominiums sold peaked at 4,350 units, with an average price of \$227,800. Since 2005, condominium sales have decreased by an average of 710 a year, or 22 percent. The sales market in Charleston County has also softened because of the decrease in second-home sales and vacation investment property sales along the coast.

Single-family home construction, as measured by the number of building permits issued, was at a high from 2004 to 2006, when 7,600 homes were permitted annually, with a peak of 8,100 permits issued in 2005. From 2007 to 2009, the reduction in demand for new homes resulted in annual declines of 1,500 permits, or 28 percent. Based on preliminary data, during the 12 months ending September 2010, the number of single-family homes permitted increased by 310, or 13 percent, to 2,950 homes.

The rental market in the Charleston metropolitan area is currently soft with a vacancy rate of 11 percent mainly because of a weaker economy and slower population growth. According to RealData, Inc., in the third quarter of 2010, the apartment vacancy rate was 9.8 percent, down from 11.1 percent in the third quarter of 2009. According to RealData, Inc., as of the third quarter 2010, the average rent was \$770, up slightly from \$750 in the third quarter of 2009. August monthly rents in the Charleston metropolitan area averaged about \$700 for a one-bedroom unit, \$780



for a two-bedroom unit, and \$910 for a three-bedroom unit. Currently living in the area are 8,800 active military, comprising 3,600 Air Force and 5,200 Navy personnel. Currently, of these military personnel, 52 percent, or 4,575 (not including dependents), reside in nonmilitary housing, which has a primary impact on the rental market.

Based on preliminary data, during the 12 months ending September 2010, 300 multifamily units were permitted,

down 160 units compared with the number permitted during the previous 12 months. All of the recent production was for apartments. This rate of production is significantly lower than the average of 1,800 units permitted annually between 2005 and 2008. Currently, 840 units are planned for completion in the next 3 years. Woodfield Long Point, a 280-unit complex, will be located in Mount Pleasant, Charleston County, with rents ranging from \$930 for a one-bedroom unit to \$1,400 for a three-bedroom unit.